

40th
ANNUAL REPORT 1960



40th ANNIVERSARY

ROYALITE OIL COMPANY, LIMITED



Digitized by the Internet Archive
in 2024 with funding from
University of Alberta Library

https://archive.org/details/Roya1785_1960



ROYALITE OIL COMPANY, LIMITED

	ALLAN BRONFMAN		CHARLES HAY
	SAMUEL BRONFMAN		President
	R. J. DINNING	OFFICERS	D. J. MORRISON, C.A.
	GORDON B. GRANT		Treasurer
	CHARLES HAY		J. W. WHITAKER, F.C.I.S.
			Secretary
DIRECTORS	J. HOWARD KELLY, Q.C.		
	W. C. MAINWARING, O.B.E.		
	S. E. NIXON		R. C. CONDON
	C. A. STOLLERY		Executive Assistant
	R. L. THOMPSON		G. A. CONNELL
	J. W. WHITAKER		Manager, Engineering and Economics Department
		ADMINISTRATION	J. A. HARVIE
			Manager, Exploration and Production Division
LEGAL COUNSEL	E. J. CHAMBERS, Q.C.		A. E. MEYER
	Calgary, Alberta		Manager, Refining and Sales Division
			J. A. SCOBIE
			Controller
AUDITORS	PRICE WATERHOUSE & CO.		R. L. THOMPSON
	Calgary, Alberta		General Manager of Operations

ROYALITE BUILDING, CALGARY, ALBERTA

The Annual General Meeting of the Shareholders
will be held at the Head Office of the Company
at 11:00 a.m. on Thursday, April 27, 1961.



REVIEW

	1960	1959
Operating revenue.....	\$ 30,532,790	\$29,513,898
Net earnings.....	1,041,621	637,681
Working capital.....	7,535,223	7,147,849
Bank loans.....	2,257,000	2,146,000
Property, plant and equipment (net).....	29,461,868	30,732,422
Earnings retained and employed in the business.....	5,260,160	4,433,859
Crude oil—Company (net).....	1,213,710 bbls.	1,618,432 bbls.
Natural gasoline.....	416,936 bbls.	426,812 bbls.
Propane.....	5,753,876 gals.	4,345,483 gals.
Natural gas sales.....	20,925,552 Mcf.	24,142,406 Mcf.
Refinery throughput.....	3,766,259 bbls.	3,440,262 bbls.
Sales of gasoline, heating oil and diesel fuels.....	102,462,000 gals.	92,436,000 gals.
Number of marketing outlets.....	723	642



DIRECTORS' REPORT TO THE SHAREHOLDERS



Charles Hay, President

Net income for the year 1960 amounted to \$1,041,621 compared with \$637,681 for the previous year. Operating economies were made during the year, including the transfer of the assets and operations of two of the Company's subsidiaries, Mid-Saskatchewan Pipe Lines Ltd. and Valley Pipe Line Company Limited, to the parent Company. Increased investment income and reduced interest expense resulted from the improvements in cash position realized in 1959. Higher earnings from increased sales of refined products offset, in part, reduced earnings from production because of lower crude oil allowables in the Alberta fields.

Funds provided from operations exceeded those of the previous year. Working capital at the year end amounted to \$7,535,223, an increase of \$387,374. Additions to property, plant and equipment totalled \$1,626,028, more than double the amount of \$771,408 in 1959. During the year, the Company increased its holdings in Saskatoon Pipe Line Company Limited from 80% to 96%.

EXPLORATION AND DEVELOPMENT

The Company participated in the drilling of 24 wells, 13 exploratory and 11 development. Eight wells were completed as oil wells, four as gas wells and twelve abandoned. Ten of the wells were drilled by others under farmout agreements. Six oil wells were completed in Southeast Saskatchewan and two in the Crossfield area of Alberta. Two gas wells were completed in the Elkton area, one in the Enchant area and a fourth in the Central Foothills of Alberta.

The Company's holdings of undeveloped acreage at the year-end were 550,187 acres. Productive leases aggregated 34,558 acres, an increase of 3,827 acres during the year.

Royalite and its partners are continuing a vigorous research program to develop an economical method of processing the oil sands of Athabasca and to determine markets for the products which can be recovered.

PRODUCTION

The Company has been active in the unitization of the Turner Valley, Innisfail and Harmatton-Elkton fields in Alberta, and the Steelman and Carnduff fields in Saskatchewan. Unitization of the fields will result in economies of operating costs and facilitate secondary recovery programs. Additional units are expected to be formed in 1961.

Unitization of the Turner Valley field in three segments was approved as of July 1st, 1960, and the Company was elected operator of the central segment covering 111 wells. A secondary recovery pilot project by water injection has been in operation in the field since August of 1948 and has resulted in substantial improvement in oil production. A water injection program throughout the field under the unitization is expected to increase future production and earnings of the Company.

Through unitization, the Company participated in gas conservation plants in the Harmatton-Elkton and Innisfail crude oil fields. Negotiations are under way for participation in the proposed East Calgary and Crossfield gas plants which will process gas from Company properties for export.

Including the unitized fields, the Company was operating 234 oil wells and 61 gas wells at the year-end, and in addition owned interests in 352 oil wells and 84 gas wells operated by others. Net interest owned by the Company was equivalent to 152.9 oil wells and 78.4 gas wells.

In 1960, Company net crude oil production totalled 1,213,710 barrels compared with 1,618,432 in 1959. Production in Alberta was reduced by 100,000 barrels as a result of lower crude oil allowables. The volume of production for the previous year also included 237,489 barrels of heavy crude oil from a field sold in 1959.

Net gas production for the year from Company interest wells was 11,546,372 Mcf. compared with 13,410,000 Mcf. in 1959. The greater portion of the decrease was due to lower deliveries from the Turner Valley field. However, an increase in price received for gas from the Gordondale field and reductions of operating expense, increased revenue from gas production. Further price increases are expected in 1961. Higher market demand is also expected for gas from the Turner Valley field.

Crude oil and condensate, natural gas liquids and natural gas reserves as at December 31, 1960, were calculated by Company engineers as follows:

	Proved Developed	Proved Undeveloped	Total Proved
Crude oil and condensate (millions of bbls.).....	30.3	1.3	31.6
Natural gas liquids (millions of bbls.).....	10.6	.3	10.9
Natural gas (billions of cubic feet).....	267.7	46.7	314.4

PLANTS

Company plants in Turner Valley processed 14.7 billion cubic feet of gas. This was a 15.1% decrease from 1959 due to lower sales to Canadian Western Natural Gas Company Limited. Recovery of absorption gasoline amounted to 416,936 barrels compared with 426,812 barrels during 1959. Propane recovery increased from 4,345,483 gallons to 5,753,876 gallons. Sulphur recovery was 8,158 long tons. A Merox Unit which has been installed at the gasoline absorption plant will result in a higher price for absorption gasoline recovered in 1961.

SUPPLY AND TRANSPORTATION

The Company handled 9,139,768 barrels of crude oil during the year. Company refineries used 3,675,920 barrels; the balance was sold to others.

Two wholly-owned, and one 96% owned, crude oil pipeline systems were operated by the Company. In 1960, a total of 6,217,479 barrels of crude oil and absorption gasoline was handled by these pipeline systems compared with 6,074,943 barrels in the previous year.

REFINING

Crude oil and other raw materials processed in Company refineries totalled 3,766,259 barrels in 1960, compared with 3,440,262 barrels in 1959. Throughput of the Kamloops and Saskatoon refineries increased by 413,646 barrels, as shown in the table on the following page.

	1960			1959			
	Refinery Throughput	Days Operated	Barrels Per Stream Day	Refinery Throughput	Days Operated	Barrels Per Stream Day	Increased Throughput
Kamloops	1,293,699	306	4,228	1,180,623	307	3,846	113,076
Saskatoon	2,472,560	337	7,337	2,171,990	317	6,851	300,570
	3,766,259			3,352,613			413,646

A Merox Unit was installed at the Saskatoon refinery during the year, resulting in an improvement in the quality of the Company's gasolines.

MARKETING

In 1960, sales volumes of gasoline, heating oil and diesel fuels through Company outlets were 13% higher than in 1959. Competition in commercial, industrial and farm business continued to be keen. A condition of depressed retail prices spread to additional areas during 1960. There was also an increase in the number of private brand independents. Despite the lower sales margins, the increase in sales volumes resulted in an improvement of earnings.

An additional 81 marketing outlets were acquired during the year, bringing the total of retail and bulk stations to 723. An active program of staff and dealer training was continued in 1960, with encouraging results and it is planned to maintain and enlarge the scope of this program.

OUTLOOK

Steady progress has been made in consolidating the Company's position as an integrated operation in the industry. During the period of over-capacity in all its phases, presently being experienced, integration is an important hedge against price weakness in any particular division.

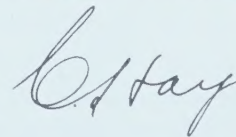
On January 18th, 1961, the Company celebrated its 40th Anniversary. It is proud of the contribution it has made as an independent operator to the Western Canadian oil industry. Competent independent companies devoting their entire efforts to the Canadian scene find opportunities for growth and diversification despite the complexities which changes in supply and transportation have brought to the industry at large in recent years.

The Company has played an active role in making representations to the National Energy Board and the Canadian Government relative to a national oil policy to improve the sale of Canadian crude oil and condensate. On February 1st, Trade Minister Hees informed the House of Commons that "the Government has decided upon a national oil policy, which is, briefly, to achieve target levels of production of oil, including natural gas liquids, which will be set from time to time and which will be designed to reach approximately 800,000 barrels a day in 1963" and also that "the production target level for the first part of this period will be an average of 640,000 barrels a day for the year 1961, with a level of not less than 625,000 barrels a day to be attained by mid-year". As a result of the Company's ownership in some of the more prolific oil fields in Alberta, the achievement of these targets will result in a substantial improvement of the Company's earnings from the production of crude oil.

During 1960, Canadian and United States authorities approved the additional export of substantial volumes of natural gas from Alberta. The Company will benefit from its ownership in fields dedicated to gas export and expects to improve its revenue from gas being sold for domestic use through the influence of the price paid for export gas.

To the employees of the Company, the Directors express their appreciation and thanks for the loyal and efficient manner in which they capably discharged their duties throughout the year and join with them in the adoption of the 1961 advertising theme emphasizing the integrated features of Royalite and that it is "A Canadian Company Growing with Canada".

Submitted on behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "C. Hay", is written over a faint, circular embossed seal. The seal contains the word "ROYALITE" in a circular arrangement.

President.



ROYALITE OIL COMPANY, LIMITED

CONSOLIDATED BALANCE SHEET

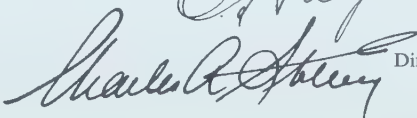
ASSETS

CURRENT ASSETS:	1960	1959
Cash on hand, demand and time deposits.....	\$ 1,223,436	\$ 1,995,088
Marketable securities, at cost (Market value \$2,987,083).....	3,052,564	2,669,847
Accounts receivable.....	5,703,552	5,681,047
Development and mortgages to be refinanced.....	581,482	—
Inventories—Crude oil, at market.....	1,344,096	1,135,908
Products.....	2,353,598	1,900,729
Materials and supplies, at cost.....	689,966	871,980
Prepaid expenses.....	318,930	270,559
	<u>\$15,267,624</u>	<u>\$14,525,158</u>
 OTHER ASSETS:		
Mortgages, deferred accounts receivable and sundry investments, at cost.....	\$ 903,001	\$ 924,982
 PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land, leases and drilling costs.....	\$27,055,907	\$26,942,469
Less—Accumulated depletion and amortization.....	(12,514,913)	(12,119,192)
Bituminous sands project.....	1,575,143	1,574,258
Plant and equipment.....	35,272,202	34,903,205
Less—Accumulated depreciation.....	(21,926,471)	(20,568,318)
	<u>\$29,461,868</u>	<u>\$30,732,422</u>
Less—Balance of development costs financed by production assignments.....	777,971	902,998
	<u>\$28,683,897</u>	<u>\$29,829,424</u>
 DEFERRED CHARGES:		
Unamortized expense on long term debt.....	\$ 124,335	\$ 133,076
 NET EXCESS OF INVESTMENT IN SUBSIDIARIES		
over values assigned to their net tangible assets.....	\$ 2,134,658	\$ 1,955,158
See Notes to Financial Statements	<u>\$47,113,515</u>	<u>\$47,367,798</u>

AND SUBSIDIARY COMPANIES

AS AT DECEMBER 31, 1960 (with comparative balances for 1959)

LIABILITIES

	1960	1959
CURRENT LIABILITIES:		
Bank loans (secured).....	\$ 2,257,000	\$ 2,146,000
Accounts payable and accrued.....	3,149,782	2,736,922
Dividend payable.....	53,830	53,830
Interest accrued on long term debt.....	133,939	146,438
Income and other taxes.....	557,225	749,119
Long term debt due within one year.....	1,580,625	1,545,000
	<u>\$ 7,732,401</u>	<u>\$ 7,377,309</u>
LONG TERM DEBT:		
Debentures and bonds, per accompanying statement.....	\$23,640,000	\$25,185,000
Mortgages and purchase agreements.....	208,966	—
	<u>\$23,848,966</u>	<u>\$25,185,000</u>
Less—Payments due within one year.....	1,580,625	1,545,000
	<u>\$22,268,341</u>	<u>\$23,640,000</u>
MINORITY SHAREHOLDERS' INTEREST IN A SUBSIDIARY.....	\$ 13,748	\$ 77,765
SHAREHOLDERS' OWNERSHIP:		
Capital stock—		
Preferred shares of a par value of \$25 each—400,000 shares authorized		
Outstanding—164,053 shares of 200,000 issued as 5¼ %		
Cumulative Redeemable Preferred Shares, First Series.....	\$ 4,101,325	\$ 4,101,325
Common shares of no par value—4,000,000 shares authorized		
Issued—2,952,342 shares.....	7,737,540	7,737,540
	<u>\$11,838,865</u>	<u>\$11,838,865</u>
Earnings retained and employed in the business, per accompanying statement.....	5,260,160	4,433,859
	<u>\$17,099,025</u>	<u>\$16,272,724</u>
SIGNED ON BEHALF OF THE BOARD:		
 Director.		
 Director.	<u>\$47,113,515</u>	<u>\$47,367,798</u>

Statement of CONSOLIDATED INCOME

FOR THE YEAR ENDED DECEMBER 31, 1960
(with comparative amounts for 1959)

	1960	1959
OPERATING REVENUE	\$30,532,790	\$29,513,898
Cost of products, selling and administrative expenses.....	\$25,296,426	\$23,579,536
Leasing, geological and geophysical expenses and dry hole costs	642,884	817,415
	\$25,939,310	\$24,396,951
	\$ 4,593,480	\$ 5,116,947
Provision for depletion, amortization and depreciation. .	2,243,283	2,590,191
	\$ 2,350,197	\$ 2,526,756
Investment income	251,062	93,716
Profit on disposal of fixed assets....	68,048	18,040
	\$ 2,669,307	\$ 2,638,512
Interest on long term debt.....	\$ 1,156,439	\$ 1,222,068
Other interest expense	152,068	245,423
Minority shareholders' interest in profits of a subsidiary	9,679	15,340
	\$ 1,318,186	\$ 1,482,831
	\$ 1,351,121	\$ 1,155,681
Provision for taxes on income.....	309,500	518,000
NET EARNINGS	\$ 1,041,621	\$ 637,681



Statement of CONSOLIDATED RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1960
(with comparative amounts for 1959)

	1960	1959
Earnings retained and employed in the business at beginning of year	\$ 4,433,859	\$ 1,207,106
Add:		
Net earnings for the year.....	1,041,621	637,681
Sale of part interest in Foothills reservations.....	—	2,804,392
	\$ 5,475,480	\$ 4,649,179
Deduct:		
Dividends on preferred shares	215,320	215,320
Earnings retained and employed in the business at end of year.....	\$ 5,260,160	\$ 4,433,859

See Notes to Financial Statements

DEBENTURE AND BOND DEBT

	December 31	
	1960	1959
ROYALITE OIL COMPANY, LIMITED		
4¾ % Serial Debentures, Series A, \$550,000 maturing annually to December 1, 1965— Authorized and issued \$5,500,000.....	\$ 2,750,000	\$ 3,300,000
4¾ % Sinking Fund Debentures, Series B, due December 1, 1975— Authorized and issued \$16,122,000.....	14,872,000	15,122,000
5% Sinking Fund Debentures, Series C, due December 1, 1972— Authorized and issued \$3,378,000.....	2,378,000	2,578,000
Total debentures—\$1,000,000 to be redeemed December 1, each year	\$20,000,000	\$21,000,000
First Mortgage Serial Bonds (transferred from Mid-Saskatchewan Pipe Lines Ltd.) Authorized without fixed limit		
4½ % Series A, maturing annually in amounts ranging from \$75,000 on June 1, 1961 to \$50,000 on June 1, 1963—Authorized and issued \$650,000.....	175,000	250,000
	\$20,175,000	\$21,250,000
ROYALITE HI-WAY LTD.		
First Mortgage Bonds—Authorized \$7,000,000		
4¼ % Serial Bonds, Series A, maturing annually in increasing amounts from \$445,000 on January 15, 1961 to \$610,000 on January 15, 1965—Authorized and issued \$4,500,000.....	2,615,000	3,035,000
SASKATOON PIPE LINE COMPANY LIMITED		
First Mortgage Sinking Fund Bonds—Authorized without fixed limit		
5% Series due June 1, 1972—\$50,000 to be redeemed December 1, each year Authorized and issued \$1,250,000.....	850,000	900,000
	\$23,640,000	\$25,185,000

NOTES TO FINANCIAL STATEMENTS

RESTRICTION ON DIVIDENDS: Under the terms of the Company's Trust Indenture, the amount of retained earnings available for the payment of dividends on common stock is restricted to consolidated net earnings since August 31, 1955 plus \$800,000 after deducting dividends declared on preferred shares.

PRODUCTS INVENTORIES: Inventories of products are valued on the basis of market price of crude oil plus transportation and manufacturing costs or at lesser amounts not exceeding total market value.

CAPITAL STOCK: There are options outstanding with certain officials of the Company to purchase a total of 38,000 common shares. On January 27, 1961 the option price was adjusted to \$6.50 per share, being the maximum market price quoted on that date.

LONG TERM LEASES: Rental obligations of the consolidated companies at December 31, 1960 for buildings and service stations under long term leases amount to \$1,225,000 per annum. The rental revenue expected to be derived from the leasing of such premises approximates \$655,000 per annum.

STATUTORY INFORMATION: Administrative expenses include legal fees, directors' fees and salaries of directors and executive officers amounting to \$103,162 in 1960.



AUDITORS' REPORT

PRICE WATERHOUSE & CO.

444 SEVENTH AVENUE S.W.
CALGARY, ALBERTA

March 14, 1961

To the Shareholders of
ROYALITE OIL COMPANY, LIMITED:

We have examined the consolidated balance sheet of Royalite Oil Company, Limited and subsidiary companies as at December 31, 1960 and the statements of consolidated income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1960 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse Co.
Chartered Accountants.



SOURCE AND USE OF FUNDS

FUNDS RECEIVED:

	1960	1959
Net profit	\$ 1,041,621	\$ 637,681
Add charges to expense not representing a cash outlay		
Provision for depletion, amortization, and depreciation	2,243,283	2,590,191
Leases and wells abandoned	217,599	218,395
Funds provided from operations	\$ 3,502,503	\$ 3,446,267
Sale of producing properties in the Coleville field	—	2,048,787
Cash proceeds from sale of part interest in Foothills reservations	—	2,500,000
Proceeds of production assignments	200,000	—
Sale of fixed assets	24,441	539,398
Received from mortgages, deferred accounts receivable and sundry investments	381,482	106,574
Proceeds of sale and lease back	420,000	—
Long term debt on acquisition of properties	217,502	—
	<u>\$ 4,745,928</u>	<u>\$ 8,641,026</u>

FUNDS USED:

Additions to property, plant and equipment ..	\$ 1,626,028	\$ 771,408
Repayment of long term debt	1,589,161	1,545,000
Paid under production assignments	325,027	1,078,375
Investments, mortgage loans and sundry payments	427,300	146,646
Purchase of additional interest in a subsidiary	175,718	—
Dividends on preferred shares	215,320	215,320
	<u>\$ 4,358,554</u>	<u>\$ 3,756,749</u>

INCREASE IN WORKING CAPITAL

\$ 387,374 \$ 4,884,277

WORKING CAPITAL AT BEGINNING OF YEAR

7,147,849 2,263,572

WORKING CAPITAL AT END OF YEAR

\$ 7,535,223 \$ 7,147,849



COMPARATIVE STATISTICAL SUMMARY

	1960	1959	1958	1957 †	1956 †
Operating revenue.....	\$30,532,790	\$ 29,513,898	\$ 29,233,523	\$ 30,516,001	\$ 25,794,560
Net operating income.....	2,350,197	2,526,756	278,224	2,454,830	2,102,084
Net earnings (loss).....	1,041,621	637,681	(1,635,285)	577,964	435,560
Per common share (after preferred stock dividends).....	28.0 ¢	14.3 ¢	(62.7) ¢	12.2 ¢	6.1 ¢
Dividends paid:					
Preferred stock.....	215,320	215,320	215,320	217,346	256,616
Per share.....	\$1.3125	\$1.3125	\$1.3125	\$1.3125	\$1.3125
Common stock.....	—	—	191,902	766,805	750,544
Per share.....	—	—	6.5 ¢	26.0 ¢	26.0 ¢
Working capital.....	7,535,223	7,147,849	2,263,572	2,677,920	5,670,478
Capital expenditures.....	1,584,352	770,134	1,735,283	5,111,964	5,761,334
*Exploration.....					
Capital expenditures.....	41,676	1,274	164,993	501,588	191,536
Expense.....	642,884	817,415	1,666,283	1,451,701	1,799,060
Property, plant and equipment (net).....	29,461,868	30,732,422	34,982,950	37,884,364	36,148,386
Average number of employees.....	668	730	854	967	870
Net acreage held:					
Proven.....	34,558	30,731	40,029	39,402	32,413
Unproven.....	550,187	683,523	1,071,139	1,396,992	1,736,747
Production:					
Crude oil—Company net (bbls.).....	1,213,710	1,618,432	1,792,494	2,310,514	2,322,940
Per day.....	3,325	4,434	4,910	6,330	6,364
Natural gasoline (bbls.).....	416,936	426,812	363,946	390,628	417,077
Propane (gals.).....	5,753,876	4,345,483	5,626,281	5,269,950	5,725,811
Sulphur (tons).....	8,158	9,284	9,236	11,050	11,640
Natural gas sales (Mcf.).....	20,925,552	24,142,406	22,414,795	20,998,251	22,239,270
‡Refinery throughput.....	3,766,259	3,440,262	3,250,735	3,968,218	4,187,300
Per day.....	10,319	9,425	8,906	10,872	11,472
Sales of refined products (gals.).....	124,161,000	120,809,000	127,824,000	144,662,000	155,000,000
Number of outlets.....	723	642	596	549	457

* Work performed by others for Royalite account is excluded.

† After retroactive adjustments.

‡ Includes crude oil processed for others.



OPERATING SUBSIDIARIES

MADISON NATURAL GAS COMPANY LIMITED
owns and operates a gas gathering system and plant
for the purification of natural gas in the Turner Valley
field of Alberta.

ROYALITE HI-WAY LTD.

owns an 8,300 barrel per day refinery at Saskatoon
and marketing outlets in Saskatchewan.

ROYALITE OIL COMPANY INC.,
a Corporation of the State of Delaware, operates
Royalite's interests in the United States.

SASKATOON PIPE LINE COMPANY LIMITED

owns and operates a 56-mile pipeline from Interprovincial
Pipe Line to Saskatoon, Saskatchewan.
(96% ownership)

REGISTRARS

THE ROYAL TRUST COMPANY, Calgary, Alberta; Vancouver, British Columbia; Winnipeg, Manitoba;
Toronto, Ontario; Montreal, Quebec; Halifax, Nova Scotia
EMPIRE TRUST COMPANY, New York City, N.Y., U.S.A.

TRANSFER AGENTS

THE CANADA TRUST COMPANY, Vancouver, British Columbia; Winnipeg, Manitoba; Toronto, Ontario
MONTREAL TRUST COMPANY, Calgary, Alberta; Montreal, Quebec; Halifax, Nova Scotia
THE BANK OF NEW YORK, New York City, N.Y., U.S.A.

DIVIDEND DISBURSING AGENT

THE CANADA TRUST COMPANY, Toronto, Ontario

STOCK EXCHANGE LISTINGS

CALGARY STOCK EXCHANGE, VANCOUVER STOCK EXCHANGE,
TORONTO STOCK EXCHANGE, MONTREAL STOCK EXCHANGE,
AMERICAN STOCK EXCHANGE, New York, U.S.A., (unlisted trading privileges)

In commemoration of the Company's 40th Anniversary the booklet "A Pattern of Integration" has been prepared for distribution to employees, dealers and agents. A copy of this booklet is enclosed for the information of Royalite shareholders. Additional copies are available on request.



A CANADIAN COMPANY GROWING WITH CANADA